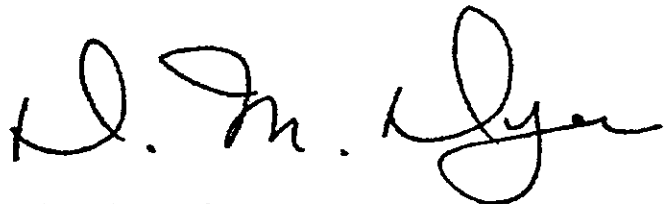


MEMORANDUM

June 3, 1987

TO: George Minshew  
FROM: Dennis M. Dyer   
RE: Economic Witness Evaluation

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As a result of prompting by the State Activities Division, the Public Relations Division has requested input on the value of the economic witness program. This memorandum will respond to that opportunity.

BACKGROUND

The Public Relations Division has identified six economists in New England who appear willing to work with us on our tobacco-related issues (Attachments A-1 through A-6). In April another economist was identified and subsequently contacted -- Professor Simon Rottenberg, University of Massachusetts at Amherst.

During the past three years, I have had an opportunity to meet and work with the designated economic witnesses in Maine (Professor Robert McMahon) and New Hampshire (Professor Dennis Logue). Professor McMahon reviewed and agreed to "author" an economic impact study on the effects of a public smoking bill in Maine. He presented testimony at two worksessions and conducted a limited number of one-on-one briefings. The bill was defeated. Professor Logue testified on a broad workplace bill. In conjunction with this testimony, he submitted an economic impact study prepared by Jim Savarese. The bill was enacted.

I have not utilized the available economists during any other legislative battles.

CURRENT STATUS

On February 24 I contacted each of the identified economists in the region by letter (Attachment B). In each instance I provided the economist with three examples of TI-generated economic impact studies and asked for their initial impressions and recommendations.

Three of the seven economists responded (Attachments C-1 through C-3). With the exception of Professor Celeste Gaspari from Vermont, the other two seem to continue their interest. Only Professor Logue chose to give even the briefest of responses to my inquiry. Follow-up conversations with all of the identified economists indicate a general willingness to be involved but a lack of real understanding as to what our requirements might be.

TI03570555

### RECOMMENDATIONS

The concept of economic witnesses at the local level is a solid, viable program. It may be that some of the personnel may have to be changed from time to time. At present, changes should be considered in Vermont and Maine and implemented in Rhode Island. However, the issue, from my perspective, is not just the personalities of the economists but what materials the economists have to work with and how they are involved in the development of those materials. Specifically, the alleged "economic impact" studies are abysmal. Even Professor Logue, who tried unsuccessfully to defend one before a New Hampshire legislative committee, suggests major flaws in all of the vehicles.

I suggest that rather than the haphazard arrangement that has existed in the past that a new, more structure program that recognizes legislative priorities and economic realities be implemented. The new concept should allow for progressively more detailed economic analyses. Carefully crafted and detailed reports should be developed in only a very few cases where legislative and industry priorities coincide. The identified economists should be involved in the development and implementation of the studies so that their findings are truly their own and comfortably defensible.

A program of this sort would allow a more carefully directed use of resources while providing a more credible economic argument in those places where it is used. It may be that there are only four or five states in which an economic impact study should be done, but where it is done, it will be done well.

### CONCLUSION

I do not see the economists and their materials as separate programs. Each is ineffective without the other. Without the study the economists have nothing concrete to point to, and without the economist the study has no life. Therefore, I hope that both areas will evolve into a form that reflects their practical use rather than their internal ego gratification.

wss

Attachments:

- A - Resumes of identified economists
- B - Sample letter to economists
- C - Economists' responses

## Brief Resume

Dominick T. Armentano

D.T. Armentano is Professor of Economics at the University of Hartford, where he has taught since 1967. He has also taught at the University of Connecticut, where he received his Ph.D. in Economics in 1966 with a dissertation on the political economy of William Graham Sumner.

His teaching areas include antitrust economics and law, government regulation of business, energy economics, money and banking, and business and society in the MBA program.

Professor Armentano is the author of The Myths of Antitrust: Economic Theory and Legal Cases (Arlington House, 1972) and his essays have appeared in five other books including William Snavely's Theory of Economic Systems (Charles E. Merrill, 1969), Yale Brozen's The Competitive Economy (General Learning Press, 1974), and Louis M. Spadaro's New Directions in Austrian Economics (Sheed & Ward, 1979). His articles and reviews have appeared in journals such as The Antitrust Law and Economics Reviews, Human Events, Inquiry, The New York Times, and Business & Society Review. He is the author of Antitrust and Monopoly: Anatomy of a Policy Failure published in January 1982 by John Wiley and Sons.

Armentano has lectured widely to business and academic audiences, both in the United States and abroad. His lectures include talks at Harvard, Cornell, Dartmouth, Tufts, Stanford, and UCLA Law School among others. His talks before business audiences include the Wisconsin Forum and the 73rd Annual Convention of the Mid-West Gas Association. In December of 1980 he was the featured speaker at the 22nd Annual Management Seminar Series sponsored by the Rochester Institute of Technology.

His organizational affiliations include the advisory boards of the Center for the Defense of Free Enterprise and the Council for a Competitive Economy; he is also on the editorial board of The Journal of Libertarian Studies and REASON papers. His public affairs radio program, BYLINE, is heard on 150 stations across the country twice each month.

Professor D.T. Armentano was a recipient of the 1980 Leavey Foundation Award for Excellence in Private Enterprise Education presented by Freedoms Foundation at Valley Forge.

1983.

## RESUME

DR. D. T. ARMENTANO  
PROFESSOR OF ECONOMICS  
UNIVERSITY OF HARTFORD

### Biographical Data

Birthdate: October 26, 1940  
Health: Excellent  
Wife's Name: Rose-Alta  
Son's Name: Paul-Scott (born January 21, 1972)  
Address: 23 Deer Park Road, Simsbury, Connecticut  
Home Phone: (203) 658-0951  
Business Phone (203) 243-4581  
Business Address: 200 Bloomfield Avenue, West Hartford, Connecticut 06117

### Education

University of Connecticut, B.A., 1962  
University of Connecticut, M.A., 1963 (Economics)  
University of Connecticut, Ph.D. 1966 (Economics)

Dissertation Title: The Political Economy of William Graham Sumner: A Study in the History of Free Enterprise Ideas

### Teaching Experience

Instructor, University of Connecticut, Summers, 1964 and 1965  
Assistant Professor, University of Connecticut, 1966  
Assistant Professor, University of Hartford, 1967-1971  
Associate Professor, University of Hartford, 1972-1974  
Professor, University of Hartford, 1975 to present

### Teaching Areas of Specialization

Antitrust Theory and Law  
Government and Business  
Economics of Energy  
Business and Society (graduate)  
Libertarian Political Economy  
Money and Banking  
Economics of Inflation  
Principles, Micro and Macro

#### Honorary Memberships and Awards

- Phi Beta Kappa
- Epsilon Alpha Zeta
- Faculty Recognition Award (1970)
- Earhart Fellow, in residence at the Institute for Humane Studies in California (1977)
- Freedoms Foundation Award for Excellence in Private Enterprise Education (1980)

#### Publications

##### Books; Contributions to Books

Antitrust and Monopoly: Anatomy of a Policy Failure (New York: John Wiley and Sons, Publishers, 1982).

The Myths of Antitrust: Economic Theory and Legal Cases (New Rochelle, New York. Arlington House Publishers, 1972).

"Resource Allocation Problems Under Socialism", William P. Snavely, ed., Theory of Economic Systems (Columbus, Ohio: Charles E. Merrill and Company, 1969).

"Capitalism and the Antitrust Laws", Tibor Machan, ed., The Libertarian Alternative: Essays in Social and Political Philosophy, (Chicago: Nelson-Hall Company, 1974).

"Price Fixing in Theory and Practice", Yale Brozen, ed., The Competitive Economy: Selected Readings (New Jersey: General Learning, 1975).

"A Critique of Neoclassical and Austrian Monopoly Theory", Louis Spadaro, ed., New Directions in Austrian Economics, from Sheed and Ward Publishers, 1978).

"Intervention in the Petroleum Industry", David J. Theroux, ed., The Energy Crisis, Cato Institute, San Francisco, California, 1978.

"How to Create An Energy Crisis", Glen Beeson and Ruben Slesinger, eds., Economics 82/83, (Guilford, Connecticut: Dushkin Publishing, 1982).

##### Professional Papers and Conference Talks

"Property Rights: Are There Alternatives to a Utilitarian Approach?" Property Rights Symposium held at Vail, Colorado, June 1971.

Professional Papers and Conference Talks (continued)

"Competition and Monopoly Theory: Some Austrian Perspectives", Austrian Economics Conference (II), University of Hartford, June 1975.

"A Critique of Neoclassical Competition Theory", Symposium on Austrian Economic Theory, University of Virginia, October 1975.

"A Critique of Neoclassical and Austrian Monopoly Theory", Austrian Economics Conference: Windsor Castle, England, September 1976.

Special Seminar on Antitrust Policy, December 1-2, 1978, at University of Miami's Law and Economics Center. Seminar repeated February 13-17, 1980, UCLA Law School, Westwood, California.

"Competition Theory: An Austrian Perspective", Conference on Austrian Economics, George Mason University, November 8, 1980.

"Monopoly and Antitrust Law" Conference sponsored by Institute for Humane Studies, American University (St. Louis) March 21, 1981.

"Economic Policy" Some Historical Perspectives" Journalists and Speech Writers Conference, New York Athletic Club, June 1980.

"Understanding Social Reality", series of lectures at Trinity College (Hartford), IHS sponsored, June 21-27, 1981.

"Government Regulations", CATO Seminars on Political Economy, Dartmouth College, July 6, 1981.

"Competition, Monopoly and Antitrust", National Conference on Economics Freedom, Washington, D.C., October 23, 1981.

"Antitrust and Monopoly", New Directions in Economic Policy, University of Hartford, June 16, 1982.

Conference Director

Conference on Austrian Economics, University of Hartford, June 20-27, 1975 (with F.A. Hayek in attendance). Sponsored by Institute for Humane Studies, Menlo Park, California.

New Directions in Economic Policy, University of Hartford, June 7-18, 1982 (Tom Sowell, J.K. Galbraith, Alfred Kahn, others).

Articles (Professional and Popular)

"Do We Really Need A Post Office?", The Reporter of Direct Mail Advertising, March 1967. Reprinted in Reason, January 1970.

Articles (Professional and Popular) (continued)

"The Economics of Price Fixing", The Freeman, June 1967.

"Easing the Burden of the Property Tax", Metropolitan Area Digest, May-June 1969, (with Dr. Brown and Dr. Sullivan, University of Hartford).

"Comment on Costello's Tetracycline Conspiracy", Antitrust Law and Economics Review, Vol. 2, No. 4, Summer 1969.

"The Inherent Weakness of Price Collusion", The Freeman, January 1970.

"The Antitrust Hoax", The Individualist, January 1971.

"Antitrust History: The American Tobacco Case of 1911", The Freeman, March 1971.

"Capitalism and the Antitrust Laws", Reason, January 1972.

"Antitrust: Fact or Fiction?", The New Guard, October 1972.

"Petroleum, Politics, and Prices", Reason Magazine, November 1973.

"The I.B.M. Antitrust Case: A Comment", Libertarian Forum, April 1973.

"Did the I.T.T. - Hartford Fire Merger Reduce Competition?", Hartford Courant, June 1973.

"Government Controls and the Energy Crisis", Hartford Times, December 8, 1973.

"A State Income Tax is Not the Answer", Hartford Times, June 22, 1975.

"The Fatal Wedge that Tore Capitalism Apart", Hartford Times, October 8, 1975.

"We Should Allow a Free Market in Gambling Services", Hartford Times, January 4, 1976.

"National Economic Planning" New Name, Same Old Nonsense", Hartford Times February 22, 1976.

"America's Love-Hate Affair with Big Business", Hartford Times, February 29, 1976.

"A Free Market in Energy: A Reply to Thornton Bradshaw", Libertarian Review, August 1977. (ghost-written for Charles Koch)

"Selective Service: Selective Slavery", Hartford Courant, March 6, 1979.

Articles (Professional and Popular) (continued)

"The Alliance of Business and Government", Business and Society Review, No. 31, Fall 1979.

"How To Create An Energy Crisis", World Research Ink, January/March, 1980.

"Opposition to Casinos Called Paternalistic", The New York Times, March 6, 1981, pp. CN22.

"Competition, Antitrust and the Ready-to-Eat Cereals Case", Policy Report, Volume 3, No. 2, February 1981.

"The Petroleum Industry" A Historical Study in Power", Cato Journal, Volume 1, No. 1, Spring 1981.

"Reaganomics: Not Far Enough", Sunday Podium, Hartford Courant, November 29, 1981.

"Common Sense in Antitrust Policy", Sunday Podium, Hartford Courant, April 18, 1982.

"Money, Rates and Recovery", Sunday Podium, Hartford Courant, June 20, 1982.

"Ending Subsidies to Public Higher Education", Hartford Courant September 20, 1982.

"Libertarian Politics: A Radical Agenda", Hartford Courant, October 27, 1982,

Book Reviews

"Capitalism and the Historians" (F.A. Hayek, ed.) AA Books News, Fall issue, 1969.

"America's Great Depression" (Murray N. Rothbard) Human Events, November 1972.

"Patents and Antitrust Law" (Ward Bowman) Wall Street Review of Books, Fall 1973.

"The Competitive Economy", (Yale Brozen, ed.) Reason, November 1975.

"Economic Regulation and the Public Interest" (Alan Stone) Inquiry Magazine, January 1978.

"A Critique of Interventionism", (Ludwig Von Mises) Reason, April 1978.

"The Passions and the Interests", (A.O. Hirshman) Business History Review, Summer, 1979.



Talks, Lectures, Public Appearances

Debate, "Did the New Deal Promote or Retard Business Recovery?", University of Connecticut, Hartford Branch, April 1967.

Speech, "The Interdisciplinary Importance of Economic Theory", Ad Humanitatem Lectures, University of Hartford, September 1968.

Speech, "The Economic Policies of the Political Candidates", St. Thomas Seminary, Bloomfield, Connecticut, October 1968.

Radio Show, "Should the Post Office Be Abolished?", Station WINF, Manchester, Connecticut, October 1968.

Radio Show, "The Fiscal Crisis in the State of Connecticut", Station WDRC, Hartford, Connecticut, November 1968.

Speech, "The Businessman's Real Social Responsibility", Financial Executives Institute, Hotel America, Hartford, Connecticut, February 1969.

Speech, "Financing Public Education", Connecticut Association of Boards of Education, Winsted, Connecticut, February 1969.

Speech, "Ralph Nader and Consumerism", Lion's Club of Simsbury, Simsbury, Connecticut, March 1970.

Speech-Debate, "Crisis in the American Economy", Mount Holyoke Alumni Association, University of Hartford, October 1970, with Ms. Virginia Galbraith.

Speech, "The Myths of Antitrust", Young Americans for Freedom (YAF), University of Connecticut Chapter, Storrs, Connecticut, April 1971 and 1972.

Speech, "Antitrust: Fact or Fiction?", American Studies Club, Westfield State College, Westfield, Massachusetts, April 1971.

Speech, "Monopoly and Antitrust Policy", Society for Quality Control, West Hartford, Connecticut, May 1972.

Speech, "Government Regulation of Business", Insights Program University of Hartford, West Hartford, Connecticut, July 1972.

Speech-Debate, "Is Antitrust Necessary?", at Harvard University, Cambridge, Massachusetts, December 1972.

Speech, "The Economics of the Robinson-Patman Act", Connecticut chapter of the American Marketing Association, University of Hartford, April 1973.

Radio Show, "The Libertarian Philosophy", Station WRBU, Providence, Rhode Island, April 1973.

Radio Show, "Tax Protest", Station WKSS, Hartford, Connecticut, April 1973.

Radio Show, "The Economic Climate", Station WINF, Manchester, Connecticut, May 1973.

Speech (and paper), "Petroleum, Politics, and Prices", at SIL Conference, Drexel University, November 1973. Paper later published in Reason magazine, 1974.

Speech, "The Energy Crisis and Governmental Regulation", the Exchange Club of South Windsor, Connecticut, January 1974.

Panel member, Greater Hartford Council on Economic Education, topic: "The Energy Crisis", January 1974, Newington, Connecticut.

Speech, "Inflation: Causes and Cures", West Hartford Squires, West Hartford Connecticut, February 1974.

Speech, "Government and the Energy Crisis", at the Institute of Politics, Harvard University, at invitation of David Brudnoy, Cambridge, Massachusetts, March 1974.

Speech, "The Energy Crisis", University of Maryland, March 26, 1974.

Speech, "The Energy Crisis", American University, March 27, 1974.

Speech, "Energy Crisis or Policy Crisis?", before top executives of Veeder Industries, Hartford Club, Hartford, Connecticut, April 18, 1974.

Speech-Debate, "Oil: The Created Crisis", State University of New York at New Paltz, April 23, 1974.

Speech, "Monopoly, Antitrust, and the Petroleum Industry", before graduating MBA's from American International College, May 22, 1974, Treadway Inn, Springfield, Massachusetts.

Panel member, "Income Tax: The Hot Option", Greater Hartford Council on Economic Education, Nutmegger Restaurant, January 1975.

Speech, "Antitrust and Government Regulation", J.C.'s of Simsbury, Simsbury, Connecticut, February 1975.

Speech, "Are We Headed for a Depression?", before the Industrial Engineers of Connecticut, Valle's Restaurant, February 1975.

Speech-Debate, "Did the Federal Government Cause the Energy Crisis?", at the Choate School, Wallingford, Connecticut, March 1975, with Professor Mike Best, University of Massachusetts.

Speech, "Should We Abolish the Antitrust Laws?", Cornell University, April 17, 1975.

Talks, Lectures, Public Appearances (continued)

Speech, "Capitalism: Retrospect and Prospect", National Libertarian Party Convention, New York City, Statler Hilton, August 28, 1975.

Workshop Leader, Connecticut State Taxpayer's Association, New Haven, Connecticut, November 1975.

Speech, "The Energy Crisis: Austrian Perspectives", Austrian Economic Theory Seminar, Hasbrook Heights, New York, December 1975.

Series of Economic Policy lectures for Project Learn, Madison, Connecticut, Fall 1975.

Speech-Debate, "Business and American Society", Symposium sponsored by the Chaffee School, Windsor, Connecticut, December 1975.

Debate, "Income Tax for Connecticut?", with Homer D. Babbidge, for the Citizens for Responsive Government, Waterford, Connecticut, March 26, 1976.

Lectures, "Economic Theory, History, and Policy", for the Group Division (Pension), Connecticut General Life Insurance Company, Bloomfield, Connecticut, June 1976. Professor John Lazar, Professor of Finance, University of Hartford, chaired the seminars.

Television Show, Economics and Politics, with Mayor George Athanson, City of Hartford, Station Channel 18, 1976.

Television Show, An Analysis of President Carter's Energy Policy, Channel 30 WHNB, New Britain, Connecticut, April 1976.

Speech, "Energy Crisis", Wichita Supper Club, Wichita, Kansas, November 1977.

Speech, "Oil and Gas: The Created Crisis", Wisconsin Forum, Milwaukee, Wisconsin, November 14, 1977.

Speech, "Is There An Energy Crunch?", Milwaukee Rotary, Milwaukee, Wisconsin, November 15, 1977.

Speech, "The Political Economy of the Petroleum Industry", Peninsula Libertarian Supper Club, San Mateo, California, November 18, 1977.

Two appearances on nationally syndicated PBS T.V. show, Economically Speaking, June and December 1978.

"Central Economic Issues of the 1980's, Educational Services Trust Fund, Buck Hill Inn, PA, May 1980.

"Inflation and Energy Costs: Their Impact on Savings" 35th Annual Savings Bank Management Conference, New Haven, May 1980.

Talks, Lectures, Public Appearances (continued)

"Do the Antitrust Laws Make Economic Sense?", Harvard Business School, November 12, 1980.

"The Crisis in Economic Policy", 22nd Annual Management Seminar, Rochester Institute of Technology, December 8 & 9, 1980.

"Inflation and Interest Rates", Savings Banks' Association of Connecticut: President's Seminar, June 1981.

"Are Antitrust Laws Necessary?", Congressional Staff and Interns, Senate Office Building, July 7, 1982 (Guest of Congressman Ron Paul of Texas).

"Antitrust and Monopoly", Arlington Texas Chamber of Commerce, July 16, 1982.

"New Directions in Antitrust Policy", Arlington (Texas) Quality of Life Foundation, July 16, 1982.

Economic Department Talks (by invitation)

University of Virginia at Charlottesville, October 13, 1978. Title of talk: Competition Theory and Antitrust Policy.

Rutgers University at Newark, December 6, 1978. Title of talk: Monopoly in the Petroleum Industry.

Tufts University, Medford, Massachusetts, March 28, 1979. Title of talk: The Permanent Energy Crisis.

University of Connecticut at Storrs, April 17, 1979. Title of talk: Economic Theory and Antitrust Policy.

Slippery Rock State College, Slippery Rock, Pennsylvania, May 7, 1979  
Title of talk: Government Regulation and the Energy Crisis.

Stanford University, February 13, 1980. Title of talk: Competition Theory and Antitrust Policy.

UCLA Law School, February 14, 1980. Title of talk: Monopoly in the Petroleum Industry.

Auburn University, April 16, 1982. Title of talk: New Directions in Antitrust Policy.

Editorial and Advisory Board

Antitrust and Trade Regulation Committee, U.S. Chamber of Commerce, Washington, 1974-1976.

Journal of Libertarian Studies, edited by Dr. Murray N. Rothbard, N.Y.C.

Reason Papers, an interdisciplinary journal of ideas edited by Dr. Tibor Machan, SUNY, Freedomia.

Center for the Defense of Free Enterprise, Bellevue, Washington.

Council for a Competitive Economy, 110 D Street, Suite 209, Washington, D.C. 20003

Consulting Activities

- Energy consultant, Automatic Comfort Corporation (1974)
- Energy and general policy consultant to CATO Institute, 1700 Montgomery Street, San Francisco (Fall 1977)
- Private economic consultant to Koch Industries, Wichita, Kansas (Fall 1977, Spring 1978)
- Private consulting services, United Technologies, including some editorial writing (Spring 1977)
- Consultant to Janenda and Sullivan (law firm) Summer 1980

(Other consulting available on request)

Funded Research

A Study to Determine the Consequences of Shifting Certain Traditionally Local Expenditures to the State of Connecticut, Regional Affairs Center, Hartford, Connecticut, September 1968 (with Dr. Brown and Dr. Sullivan, University of Hartford).

A Model and an Implementation Program for a Regional System of Collection and Disposal of Abandoned Motor Vehicles, Regional Affairs Center, Hartford, Connecticut, July 1969 (with Dr. Martin and Dr. McDonough, University of Hartford).

The Economic Case Against Deficit Financing, prepared for Congressman L.A. Bafalis of Florida, March 1973.

An Economic Analysis of the Energy Crisis, prepared for the Automatic Comfort Corporation, East Hartford, Connecticut, January 1974 (23 pages, footnotes).

Interventionism in the Petroleum Industry: The History of a Business Strategy That Failed, for Koch Industries, Wichita, Kansas, January 1978.

(Additional funded research - available on request)

#### Special Activities

Director of the John E. Ellsworth Lectures, 1980-1982, University of Hartford.

Regular commentator on Byline, nationally syndicated public affairs radio show produced by the CATO Institute of Washington, D.C. (1978 to present). I have written and recorded over 125 radio shows.

"Productive Discussion of Economics", 26 minute professional film on economic principles and policy distributed by World Research, Inc., San Diego.

#### Recent Activities

##### Publications

"Antitrust Policy: Reform or Repeal?" Policy Analysis, Cato Institute, January 1983, pp. 1-16.

"Concentration, Mergers and Public Policy: A Review", Policy Report, Cato Institute, January 1983.

"Toward a Rational Antitrust Policy", paper prepared for the Joint Economic Committee of the U.S. Congress, November 14, 1983.

"Deregulation Unsettling? Let Carriers Fix Prices", OP/ED Wall Street Journal December 2, 1983. (Also many OP/ED articles in the Washington Times, Hartford Courant, and other newspapers.)

##### Appointments

Adjunct Scholar, Cato Institute, Washington, D.C.

Chairman, Board of Advisors, Competitive Economy Foundation, Washington, D.C.

# Cigarette taxes flunk on fairness

*Dominick Armentano*

As part of a classroom exercise, I recently priced a pack of cigarettes at a local drugstore. The total cost of the purchase was \$1.35. Only 84 cents actually went for the cigarettes; the rest went to pay the taxes.

The federal excise tax on cigarettes is 16 cents per pack (double the rate in 1982) while the state excise tax is a whopping 26 cents. In addition, Connecticut applies a 7.5 percent state sales tax — a tax on a tax — to the entire purchase. That brought the total tax on a pack of cigarettes to 51 cents, effectively a 38 percent tax rate on smoking.

One argument for taxing cigarettes so heavily is that they are a "sin" product whose consumption the government has a moral duty to discourage. I've always found this argument curious because what is one person's sin usually is someone else's pleasure.

Many products may contribute to less than perfect health or mind, but we don't single them out for punitive taxation. Should we tax pulp novels because they steal time from reading Shakespeare? Should we tax pastry because it may contribute to national obesity? Should we tax down-hill skiers to discourage skiing and thereby reduce back injuries, which lower national productivity?

The possibilities for using taxes to control public-consumption patterns are endless — and thoroughly repugnant. Do we really want to live in that kind of society?

Cigarettes are a controversial product, but no controversy, including decisions about private, non-public smoking, should be settled by exorbitant taxation or prohibition.

Heavy government taxation of cigarettes hurts suppliers, interferes with



Paul Koltsu / Dallas Morning News

the cost-benefit judgments of consumers and severely distorts the efficient market process. Such interferences are inappropriate in a free society that prides itself on tolerance and diversity of preferences.

Another argument for heavy taxation of cigarettes is that such taxes generate steady revenues for government at all levels. The federal excise levy generates \$5 billion annually, while the Connecticut excise tax on cigarettes produces nearly \$89 million each year.

Governments have come to depend upon these sizable sources of revenue to fund various programs. Moreover, it's always politically tempting to consider

raising excise-tax rates because cigarette smokers don't make up a majority of the voters and don't reduce their consumption of cigarettes significantly when cigarette prices are raised.

That cigarette taxes generate easy revenue is not a very sophisticated argument for having such taxes or for increasing them.

Normally, taxes are subject to specific fairness and equity tests to determine if they are appropriate. Some economists hold that a tax is fair when it is based upon ability to pay. People with a greater income usually have a greater ability to pay taxes.

But most cigarette smokers are people with low to modest incomes. The cigarette tax, therefore, tends to be borne by those in society with the least ability to pay. Such taxes are termed regressive and generally are considered unfair and inequitable.

Another test for equity is to determine whether the individuals who pay taxes receive any specific benefit from the tax revenues. In some states taxes on gasoline consumption go directly into a trust fund to be used exclusively to maintain roads and highways.

Cigarette taxes don't work that way. They are paid only by smokers, but the revenue is used to fund general governmental expenditures.

In short, cigarette excise taxes flunk both the ability to pay and the benefits-received fairness tests.

I'm a non-smoker, and it would be easy to conclude — despite the cost and equity arguments — that cigarette consumption should remain heavily taxed. That would be easy to conclude, but it would not be right.

Non-public smoking should be treated by the government as all other private consumption: It should be left alone.

*Dominick Armentano is a professor of economics at the University of Hartford.*

FACULTY PERSONNEL RECORD  
JANUARY 1985

Robert C. McMahon

DEGREES

Ph.D. Economics from Lehigh University -- awarded: 1970  
M.A. Economics from the University of Washington -- awarded: 1964  
B.A. Economics from the University of Washington -- awarded: 1959

PROFESSIONAL EXPERIENCE:

1973 to present: Associate Professor of Economics USM  
1969 to 1973: Assistant Professor of Economics UMPG  
1967 to 1969: Teaching Assistant Lehigh University  
1962 to 1966: Instructor of Economics Olympic College

UNIVERSITY ACTIVITIES

Chairman: Search Committee for Dean of the School of Business and Economics  
Chairman: Committee to develop the Student Evaluation of Teaching and Course for the School of Business and Economics  
Member: Committee of 33  
Member: Accreditation Subcommittee for Undergraduate Programs  
Member: Advisory Committee for Research  
Member: UMPG Transportation Committee  
Member: Committee to Study the Merger of Business Departments  
Member: Graduate Faculty of the School of Business and Economics  
Chairman: Advisory Committee for Research - 1973  
Course Leader: Experiments in Techniques of Alternate Life Styles - SCOGIS  
Course Advisor: 19th Century Techniques for 20th Century Survival - SCOGIS  
Course Facilitator: Introduction to Econometrics  
Member: Admissions Committee for Graduate Study in Business  
Member: Accreditation Subcommittee of Physical Facilities Campus  
Representative: New England Economic Project (NEEP)  
Participant: NEEP seminars covering:  
a. Matters of New England Regional Economics  
b. Econometric Techniques  
Member: USM Energy Committee latter 1970's  
Chairman: Department of Economics 1978-present  
Member: SBEM Faculty Advisory Committee 1981-present  
Member: Task force on High Technology and the Economy-USM Convocation Committee 1983

TI03570570



Discussion Leader: Open discussion of John Kemeny's Convocation  
address September 1983.  
Discussion Leader: Convocation Series "High Tech-High Stakes"

WRITINGS:

M.A. Thesis: The Minimum Rate Authority of the Interstate  
Commerce Commission, 1964

Ph.D.  
Dissertation: Optimal Cash Balances of State and Local  
Governments, 1970

A Low cost Experiment for Generating Methane Gas, Syndicated in  
newspapers throughout the U.S.  
Published in The Mother Earth News  
Reprinted in Handbook of Homemade Power, Bantam Books, 1974

Chicken Manure Disposal Problems and Anaerobic Digestion As a Solution

An Evaluation of the "Methods of Guiding Residential Growth in Maine"

A White Paper for the Blain House Conference on Small Business, 1980

"Economics of Owner built Homes", Real Estate Update, 1980

Review of book on Public Policy for Dryden Press, 1982

RESEARCH:

Investment Needs in the State of Maine, ESCO

Study of the Problems of the Aged in Maine, ESCO

Study of the Problems of the Aged in Vermont, ESCO

Tax Reform in the State of Maine, ESCO - 1972

Mileu For Change: A Study on the Maine Economy, for MIT, ESCO - 1973

Homestead Tax Relief, ESCO - 1973

In addition, I have also carried out research projects on my own for  
various Maine institutions:

Economic Impact of a Marine Research Park Upon Cape Elizabeth and  
Cumberland County, done by myself for TRIGOM

Judical Salaries in Maine, done by myself for the Maine Bar  
Association

Report on the Costs of Child Rearing, done by myself for a local  
attorney

TI03570571

WRITINGS: (cont.)

Anaerobic Decomposition of Chicken Manure: Technical and Economic Considerations, funded by the UMPG Advisory Committee for Research

A Study of the Economic Costs of Alcoholism and the Benefits of Treatment

PUBLIC SERVICE:

Governor's Advisory Committee on Business Taxation

Presentation to the Maine State Retired Teachers' Association

Presentation to the Maine Data Processing Management Association on the Use of Computers in the School of Business and Economics

Presentation to the Conference on Maine's Energy Needs - Subject: The Economic Viability of the Generation of Methane Gas From Chicken Manure, 1973

Participation in the Conference on Maine's Alternative Energy Resources

Contribution to the Clearing House program sponsored by the Maine Audubon Society. Homestead Energy Independence-It's Economics and Philosophy

Panelist - "Effects of Taxation on Business in Maine" - Maine Economic Society

Panelist - "Is Portland a Healthy Place to Live?" - 1978

Dissicant - Two papers at New England Business and Economics Association meetings, 1980

Presentation - "Reganomics" - Social Action Committee, 1981

Presentation - "The Role of Profits", Hugh O'Brian Youth Seminar, 1982

Discussant - "50 Years of Change - Maine, 1940-1990", 1982

Panelist - Response to J. Kemney's Convocation Address, 1983

COURSES TAUGHT:

Fall, 1981	Econ 380, Econ 102
Spring, 1982	Econ 101, Econ 381
Fall, 1982	Econ 501, Econ 202
Fall, 1983	Econ 501, Econ 450
Spring, 1984	Econ 380
Fall, 1984	Econ 201, MBA 501
Spring, 1985	Econ 380

November, 1984

LEE J. ALSTON

Department of Economics  
Williams College  
Williamstown, MA 01267  
413-597-2101  
413-597-2476

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Williamstown, MA 01267  
413-458-5486 (home)

PERSONAL: Born March 29, 1951  
Port Washington, WI  
Married; two children

EDUCATION: Ph.D. -- University of Washington, 1978  
M.A. -- University of Washington, 1975  
B.A. -- Indiana University, 1973, with distinction

HONORS: Phi Eta Sigma, 1970  
Phi Beta Kappa, 1972  
Liberty Fund Fellow, 1981  
Earhart Fellowship, Mont Pelerin Society Meeting, Cambridge, England, 1984

EMPLOYMENT: Assistant Professor of Economics (1978- ), Williams College  
Private Consultant to law firm (1979- )  
Economics Consultant (1980-1982), Senior Scholastic Magazine  
Visiting Assistant Professor/Research Scholar (1981-82), University of Washington  
Liberty Fund Fellow, Research Seminar on Paternalism (Summer 1981)  
Instructor in Economics (1974-1978), University of Washington  
Research Assistant in Natural Resource Economics (1975), University of Washington  
Junior Staff Economist (1973), Council of Economic Advisers

SPECIALTY  
AREAS: Economic History  
Applied Microeconomics  
Transactions Costs Theory

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PROFESSIONAL  
MEMBERSHIPS:

Agricultural History Association  
American Economics Association  
Associate, Columbia University Seminar on Economic History  
Economic History Association  
Western Economic Association

BOOKS:

Costs of Contracting and the Decline of Tenancy in the South, 1930-1960, New York: Garland Publishing, 1984.

(Co-authored with Joseph P. Ferrie) The Decline of Southern Paternalism and the Rise of the American Welfare State (forthcoming).

ARTICLES:

"Costs of Contracting and the Decline of Tenancy in the South, 1930-1960" Journal of Economic History, XXXIX (March 1979): 324-326.

"Tenure Choice in Southern Agriculture, 1930-1960," Explorations in Economic History 18 (July 1981): 211-232.

(Co-authored with Robert Higgs) "Contractual Mix in Southern Agriculture Since the Civil War: Facts, Hypotheses and Tests," Journal of Economic History, XLII (June 1982): 327-353.

"The Role of Financial Institutions as Sources of Farm Mortgage Credit: 1916-1940," Dictionary of the History of American Banking, edited by David Martin and Geoffrey T. Mills (Westport, CT: Greenwood Press, forthcoming).

"Farm Foreclosures in the United States During the Interwar Period," Journal of Economic History, XLIII (December 1983): 885-903.

"Farm Foreclosure Moratorium Legislation: A Lesson From the Past," American Economic Review, 74 (June 1984): 445-457.

(Co-authored with Morton Schapiro) "Inheritance Laws Across Colonies: Causes and Consequences," Journal of Economic History, XLIV (June, 1984): 277-287.

"Race Etiquette in the South: The Role of Tenancy," Research in Economic History 10 (January 1985) forthcoming.

(Co-authored with Samar K. Datta and Jeffrey B. Nugent) "Tenancy Choice in a Competitive Framework with Transactions Costs," Journal of Political Economy, (December 1984).

(Co-authored with Joseph Ferrie) "Resisting the Welfare State: Southern Opposition to the Farm Security Administration" in The Emergence of the Modern Welfare State, edited by Robert Higgs (Greenwich, CT: JAI Press, forthcoming).

(Co-authored with Joseph Ferrie) "Labor Costs, Paternalism, and Loyalty in Southern Agriculture: A Constraint on the Growth of the Welfare State," Journal of Economic History, XLV (March 1985), forthcoming.

RESEARCH  
PAPERS:

(Co-authored with Robert Higgs) "Firm versus Market: A Comment on Williamson's Model of the Resource Coordination Problem." University of Washington, Department of Economics, Working Paper, (February 1982).

"'True Tenancy' in the South: Estimates for 1900 and 1910," Williams College, Department of Economics, Research Paper 84 (September 1984).

(Co-authored with Robert Higgs) "An Economist's Perspective on Southern Paternalism," Williams College, Department of Economics, Working Paper (June 1983).

(Co-authored with Joseph Ferrie) "A Model of the Market for Private and Government Paternalism," Williams College, Department of Economics, Working Paper (October 1984).

BOOK REVIEWS: Social Origins of the New South: Alabama, 1860-1885 by Jonathan M. Wiener. Agricultural History, Vol. 53, No. 4 (October 1979): 829-830.

Research in Economic History, Vol. 3, 1979. Edited by Paul Uselding. Business History Review LIII, No. 4 (Winter 1979): 544-546.

A Deplorable Scarcity by Fred Bateman and Thomas Weiss. Southern Economic Journal Vol. 48, No. 3 (January 1982): 814-815.

Locking Up the Range: Federal Land Controls and Grazing by Gary D. Libecap. The Southwestern Review of Management and Economics, Vol. 2, No. 2 (Spring 1982): 228-230.

The Harder We Run: Black Workers Since The Civil War by William H. Harris. Agricultural History, Vol. 57, No. 1 (January 1983): 113-114.

Good and Faithful Labor: From Slavery to Sharecropping in the Natchez District, 1860-1890 by Ronald L.F. Davis. Journal of Economic History, XLIII, No. 2 (June 1983): 531-532.

Patronage and Poverty in the Tobacco South: Louisa County, Virginia, 1860-1900 by Crandall A. Shifflett. Civil War History (forthcoming).

The Reshaping of Plantation Society: The Natchez District, 1860-1880 by Michael Wayne. Civil War History (forthcoming).

OTHER

PUBLICATIONS: "Money on the Move: Ups and Downs of International Exchange," Senior Scholastic 114 No. 5 (October 30, 1981): 4-6.

"But What Do Economists Do?" Senior Scholastic 114 No. 13 (March 5, 1982): 11-13.

SEMINARS AND  
PRESENTATIONS:

The Cliometrics Conference. Chicago, Illinois. May, 1978  
Economic History Association Annual Meeting. Toronto, Canada.  
September, 1978  
Williams College Department of Economics Seminar. October, 1978  
Williams Colloquium. Williamstown, Massachusetts. February, 1979  
Williams College Department of Economics Seminar. September, 1980  
Harvard University, Workshop in Economic History. October, 1980  
Yale University, Workshop in Economic History. October, 1980.  
University of Miami. February, 1981  
Williams College Department of Economics Seminar. March, 1981  
Sewanee Economics Symposium at the University of the South. April, 1981  
Columbia University Seminar. May, 1981  
Western Economic Association Conference. July, 1981; Paper Discussant  
and Session Chairperson  
Reason Foundation, Santa Barbara, California. July, 1981  
University of Washington. Workshop in Economic History. June, 1982  
University of Washington. Workshop in Economic History. July, 1982  
Economic History Association Annual Meeting. Baltimore, Maryland.  
September, 1982  
Social Science History Meetings. Bloomington, Indiana. November, 1982  
Harvard University. Workshop in Economic History. December, 1982  
Williams College Department of Economics Seminar. December, 1981  
Middlebury College Conference on Economic Issues. April, 1983  
The Cliometrics Conference, University of Iowa. May, 1983  
Economic History Association Annual Meeting. Washington, DC. September,  
1983  
Lafayette College Conference on Political Economy. April, 1984  
Williams College Department of Economics. May, 1984  
Political Economy Research Center, Conference on Institutional  
Structure and Entrepreneurship, Big Sky Montana. July, 1984  
Williams College Department of Economics. August, 1984  
University of Arizona Department of Agricultural Economics, November,  
1984  
Southern Economic Association Annual Meeting, Atlanta, Georgia.  
November, 1984.

OTHER PROFESSIONAL  
AND SCHOLARLY

ACTIVITIES: Editorial referee for the Journal of Political Economy.  
  
Editorial referee for the Journal of Economic History.  
  
Editorial referee for Explorations in Economic History.  
  
Editorial referee for American Journal of Agricultural Economics.  
  
Reviewer for publishers.  
  
Economic consultant for Senior Scholastic.

Economic consultant in legal cases involving estimating net economic losses resulting from accidents or death.

Director of Research, Economics Department, Williams College (1983-1984).

Interviewed for and will appear on PBS series "Economics Outlook USA".

Conducted interviews for the Manhattan Institute.

Member of the Advisory Board of the Manhattan Institute.

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ATTACHMENT A-4

CURRICULUM VITAE  
DENNIS E. LOGUE

Amos Tuck School of Business Administration  
Dartmouth College  
Hanover, New Hampshire 03755  
(603) 646-2830

28 Haskins Road  
Hanover,  
New Hampshire  
(603) 643-3975

PERSONAL

Date of Birth:	March 28, 1944	SSN: 123-22-1206
Height	5" 10"	
Weight	175 lbs.	
Marital Status:	Married, two children	

PROFESSIONAL INTERESTS

Managerial Economics and Finance, Money and Capital Markets,  
International Finance, and Public Policy.

EDUCATION

Fordham University, 1964, A.B.; major: English; minor: Philosophy.

Rutgers, The State University, 1966, M.B.A.; Beta Gamma Sigma.

Cornell University, 1971, Ph.D.; major: Managerial Economics;  
minors: Finance, Marketing.

Dissertation: "An Empirical Appraisal of the Efficiency  
of the Market for First Public Offerings  
of Common Stock."

Sixth Annual Legal Institute for Economists, Law and Economics  
Center, Emory University, 1981.

EXPERIENCE

July 1980 - Present	Professor of Business Administration, Amos Tuck School, Dartmouth College. Director of Research: 1984 - .
September 1983 - December 1983	Visiting Professor, Colgate Darden School of Business Administration, University of Virginia
April 1979 - Present:	Director, Dartmouth National Bank.
January 1980 - June 1980:	Visiting Associate Professor, Graduate School of Business Administration, University of California, Berkeley.



July 1975 - June 1980:	Associate Professor of Business Administration, The Amos Tuck School, Dartmouth College.
Sept. 1975 - Dec. 1976:	Treasurer: DTSS, Inc.,; Responsibility for finance and accounting functions.
July 1974 - June 1975:	Assistant Professor of Business Administration, The Amos Tuck School, Dartmouth College.
July 1973 - June 1974:	Senior International Economist and Visiting Research Fellow, Office of Policy Research, Office of Assistant Secretary for International Affairs, U.S. Treasury Department. Principal research responsibilities: Policy Analysis, International Capital Markets, Law of the Sea, Energy. Received Special Achievement Award, 1974.
August 1971 - Dec. 1973:	Assistant Professor of Finance, Graduate School of Business, Indiana University.
Sept. 1968 - August 1971:	Ph.D. Student, Cornell University.
August 1966 - July 1968:	Military duty; U.S. Army Military Police Corps; Rank at Separation: First Lieutenant.

#### CONSULTING EXPERIENCE

Principal: Berkowitz, Logue & Assoc., Inc., 1984 - present  
U.S. Treasury, 1974-1978.  
Securities Industry Association, 1977-1979.  
Merrill Lynch Pierce Fenner & Smith, Inc., 1977.  
Booz, Allen, and Hamilton, Inc., 1976.  
Citibank, 1976.  
Price, Waterhouse & Co., 1979-1984.  
Connecticut General Life Insurance Co., 1980.  
Atlantic Richfield Co., 1982.  
Business and Industry Association of New Hampshire, 1981-19  
Coopers & Lybrand, 1983-1984.  
Litigation Support - various law firms, 1974 - present.

#### PROGRAM PARTICIPATION

Tuck Executive Program  
Graduate School of Credit and Financial Management  
Dartmouth Alumni College  
Royal Bank of Canada  
Smaller Business Association of New England  
AMCA International (program director)  
Bankers Trust (program director)

MAJOR TUCK SCHOOL COMMITTEE ASSIGNMENTS

Co-Chairman, Growth Committee, 1978  
Chairman, Research Committee, 1978-1980  
Chairman, Curriculum Committee, 1980-1981  
Member, College Council on Budgets and  
Priorities, 1981-1984  
Member, Board of Directors, Faculty Club,  
1984 - present

RESEARCH

BOOKS AND MONOGRAPHS

Editor, Eurocurrencies and The International Monetary System,  
American Enterprise Institute, 1976, (with J. Makin and C. Stem).

Editor, The Effects of Exchange Rate Adjustments, U.S. Treasury,  
1977, (with R. Sweeney and P. Clark).

Economics and the Law of the Sea Negotiations, International  
Institute for Economic Research, 1977, (with R.J. Sweeney).

Legislative Influences on Corporate Pension Plans, American  
Enterprise Institute, 1979.

Managing Corporate Pension Plans: The Impacts of Inflation, American  
Enterprise Institute, 1984, (with R.J. Rogalski).

Editor, Handbook of Modern Finance, Warren, Gorham and Lamont, 1984.

ARTICLES

Corporate Finance and Capital Markets:

"A Theory of Conglomerate Mergers: Comment and Extension,"  
Quarterly Journal of Economics, November 1971, (with P. Naert).

"Financial Policy and Market Expectations," Financial Manage-  
ment, Summer 1972, (with L. Merville) reprinted in F.K. Reilly,  
ed. Readings and Issues in Investment (Dryden Press, 1975).

"Risk Adjusted Performance of Unseasoned Common Stock Offerings,"  
Quarterly Review of Economics and Business, Winter 1972.

"On the Pricing of Unseasoned Equity Issues: 1965-1969," Journal  
of Financial and Quantitative Analysis, January 1973, abstracted  
in The C.F.A. Digest, Winter 1974.

"The Interdependent Structure of Security Returns," Journal of  
Financial and Quantitative Analysis, March 1973, (with M. Simkowitz).

"Premia on Unseasoned Equity Issues," Journal of Economics and Business, Spring-Summer 1973.

"Evaluating a Security Analyst's Forecasts," Financial Management, Summer 1973, (with A. Barnea), abstracted in The C.F.A. Digest, Spring 1974, "Reply to Yawitz," Financial Management, Winter 1973, (with A. Barnea).

"Stock Market Based Measures of Corporate Diversification," Journal of Industrial Economics, September 1973, (with A. Barnea).

"A General Model of Imperfect Capital Markets," Southern Economic Journal, October 1973, (with L. Merville).

"The Behavior of Investment Bankers: An Econometric Investigation," Journal of Finance, March 1974, (with J. Lindvall), abstracted in The C.F.A. Digest, Fall 1974.

"Brokerage House Investment Advice," Financial Review, 1974, with D. Tuttle), abstracted in The C.F.A. Digest, Summer 1974.

"The Development of an Integrative Curriculum in an Undergraduate Business Program," Decision Sciences, April 1974, (with L. Merville).

"Market Making and the Assessment of Market Efficiency," Journal of Finance, March 1975, abstracted in The C.F.A. Digest, Fall 1975.

"The Riskless Rate, Competitive Markets, And The Capital Asset Pricing Model," Eastern Economic Journal, January 1975, (with M. Simkowitz).

"The Effect of Risk on the Market-Maker's Spread," Financial Analysts Journal, Nov.-Dec. 1975, (with A. Barnea).

"Stock Trading and Portfolio Performance," Journal of Bank Research, Summer, 1976, (with A. Barnea).

"A Note on the Relation Between the Rate and Variability of Inflation," Economica, May 1976, (with T.D. Willett).

"Negotiations vs. Competitive Bidding in the Sale of Securities by Public Utilities," Financial Management, Autumn 1978, (with R. Jarrow).

"Social Security and Capital Formation," Tuck Today, June 1978.

"Does It Pay to Shop for a Bond Underwriter?," Harvard Business Review, July-August 1979, (with R. Rogalski); abstracted in The C.F.A. Digest, Spring 1980 (winner of the Competitive Paper Award, Eastern Finance Association Annual Meeting, 1978) reprinted in Editors of Harvard Business Review, Financial Management, New York: John Wiley & Sons, 1983.

"Social Security and Personal Saving: Survey and New Evidence," in G. von Furstenberg, ed., Social Security versus Private Saving in Post-Industrial Democracies, Ballinger Publishers (for American Council of Life Insurance), 1980 (with B. Gultekin).

"Bad Managers Aren't the B-Schools' Fault," New York Times, Business Section, May 24, 1981, p. 2.

"Inflation and Real Growth: Some Empirical Results," Journal of Money, Credit, and Banking, November 1981 (with R.J. Sweeney).

"The False Doctrines of Productivity," New York Times, Business Section, January 9, 1983, p. 3 (with R.R. West).

"A Plea to Reject Economic Fashion," New York Times, Business Section, January 16, 1983, p. 3 (with R.R. West).

"Equity Screening Rates Using Arbitrage Pricing Theory," in C.F. Lee, ed., Advances in Financial Planning and Forecasting, forthcoming (with D. & R. Bower).

"Discounted Cash Flow Analysis: A Response to the Critics," National Productivity Review, Summer 1983, (with R. West).

"Looking at New England, the Supply Side Way," The Bond Buyer, October 5, 1983.

"Shareholder Wealth and Management Compensation," Journal of Corporate Accounting, Winter 1984.

"Arbitrage Pricing Theory and Utility Stock Returns," Journal of Finance, September 1984 (with D. Bower and R. Bower).

"A Primer on Arbitrage Pricing," Midland Corporate Finance Journal, forthcoming (with D. Bower and R. Bower).

#### International Finance:

"Corporate International Diversification and Market Assigned Measures of Risk and Diversification," Journal of Financial and Quantitative Analysis, November 1975, (with J.S. Hughes and R.J. Sweeney).

"Are Stock Markets Becoming Riskier?: An International Comparison," Journal of Portfolio Management, Spring 1976. Abstracted in The C.F.A. Digest, Winter 1977, reprinted in Peter L. Bernstein, ed., Portfolio Management and Efficient Markets, New York: Institutional Investor Books, 1977.

"The Effects of Exchange Rate Adjustment on International Investment," (with T. Willett) in Clark, Logue, and Sweeney, eds., The Effects of Exchange Rate Adjustment, U.S. Treasury, 1977.

"International Integration of Financial Markets: Survey, Synthesis, and Results," (with M. Salant and R. Sweeney) in Logue, Makin, Stem, eds., Eurocurrencies and The International Monetary System, American Enterprise Institute, 1976.

"Does It Make a Difference Whether Petro-Dollars go to the Euro-dollar Market or to the U.S.?" in Logue, Makin, Stem, eds., Euro-currencies and The International Monetary System, American Enterprise Institute, 1976.

"White Noise in Imperfect Markets: The Case of the French Franc/U.S. Dollar Exchange Rate," Journal of Finance, June 1976, (with R.J. Sweeney).

"What's So Special About Foreign Exchange Markets?," Journal of Portfolio Management, Spring 1977, (with G.S. Oldfield).

"Managing Foreign Assets When Exchange Markets Are Efficient," Financial Management, Summer 1977, (with G.S. Oldfield) reprinted in D. Lessard, ed., Readings in International Financial Management, Warren, Gorham, & Lamont, 1979.

"Discussion of Corporate International Financial Decisions" in J. Dryer, G. Haberler and T. Willett, eds., Exchange Rate Flexibility, American Enterprise Institute, 1978.

"Multi-national Corporations Distort Domestic and International Resource Allocation" and "Corporations Deal with Pariah Countries," in M. Bruce Johnson, ed., The Attack on Corporate America: The Corporate Issues Source Book, New York: McGraw Hill Book Co., 1978.

"Aspects of International Monetary Influences," Journal of Financial and Quantitative Analysis, March 1978, (with R.J. Sweeney), abstracted in The C.F.A. Digest, Winter 1979.

"The Speculative Behavior of Exchange Rates During the Current Float," Journal of Business Research, Spring 1978, (with R.J. Sweeney and T.D. Willett).

"Aspects of Efficiency in the U.S./Canadian Foreign Exchange Market," in J. Ernest Tanner, ed., Economic Analysis of the Inter-Relationship Between the U.S. and Canada, New York: Marcel Dekker, Inc., forthcoming (with P. Cummins, R. Sweeney, and T. Willett).

"Offshore Alphas: Picking Countries Instead of Picking Stocks," Journal of Portfolio Management, Winter 1979, (with R. Rogalski), "Reply," Winter 1980, (with R. Rogalski), reprinted in P. Bernstein, ed., International Investing, New York: Institutional Investor, 1983.

"Growth of Government and Stock Prices: An Exploratory Study of International Evidence," Columbia Journal of World Business, Winter 1979.

"Discussion of: The Effects of International Operations on the Market Value of the Firm," Journal of Finance, May 1981.

"Overseas Money and Capital Markets" in E. Altman, ed., Financial Handbook, 5th ed., John Wiley & Sons, 1981.

"Some Experimental Results on International Portfolio Diversification," Journal of Portfolio Management, Fall 1982, reprinted in P. Bernstein, ed., International Investing, New York: Institutional Investor, 1983.

"Problems and Techniques in the Evaluation of Country Risk in International Lending: Comments" in R. Hawkins, R. Levich and C. Wihlborg eds., The Internationalization of Financial Markets and National Economic Policy, Greenwich, Ct.: JAI Press, 1983.

"External Currency Market Equilibrium and its Implications for Regulation of the Eurocurrency Market," Journal of Finance, May 1983, (with L. Senbet).

"Borrowing Dear: The Exchange Rate Element," Wall Street Journal, May 10, 1984, p. 34.

"Term Premia on Euro Rates," Journal of Finance, July 1984, (with R. Sweeney).

Other:

"Capital Allocation in a Mature Economy," MSU Business Topics, Winter 1974, (with L. Merville), reprinted in Bankers' Viewpoint, Spring 1974.

"The Economics of Alternative Deep Sea Bed Regimes," Marine Technology Society Journal, May 1975, (with R. Sweeney and B. Petrou).

"Energy, OPEC and U.S. Policy," Tuck Today, June 1975.

"Optimal Leasing Policy for the Development of Outer Continental Shelf Hydrocarbon Resources," Land Economics, August 1975, (with R. Sweeney and T. Willett).

"Oil Tanker Pollution Control: Design Criteria vs. Effective Liability Assessment," Journal of Maritime Law and Commerce, October 1975, (with P. Cummins, R. Tollison, and T. Willett).

"What to Expect of Today's Capital Shortage," Plastics Engineering, Nov. 1975.

"Issues in the Regulation of Deep Sea Mining: Will Rationality Prevail?," Marine Technology Society Journal, April 1976, (with R.J. Sweeney).

"U.S. Economic Interests in Law of the Sea Issues," (with D. Johnson), in R. Amacher and R. Sweeney, eds., The Law of the Sea: U.S. Interests and Alternatives, American Enterprise Institute, 1976.

"The Interacting Effects of Royalty Taxation and the Depletion Allowance on Natural Resource Exploitation," Marine Technology Society Proceedings, Sept. 1976, (with R.J. Sweeney).

"How the Social Security System May Undermine the Private Industrial Pension System," in C. Campbell, ed., Financing Social Security, Washington, D.C., American Enterprise Institute, 1979.

"State and Local Taxes in Maine and New Jersey: Fiscal Effects of Broad Based Taxes," Business and Industry Association of New Hampshire, 1982.

Reviews:

Book Review: Investments: Analysis and Management by J.C. Francis, Journal of Finance, March 1973.

Book Review: Beta Coefficients and Models of Security Return by J.W. Aber, Journal of Finance, September 1974.

Review Essay: International Monetary Reconstruction by Wilber Monroe and Problems of a World Monetary Order by Gerald Meier, Journal of Finance, September 1975.

Book Review: Foundations of Finance by Eugene Fama, Journal of Finance, June 1977.

Book Review: International Capital Markets, ed. by E.J. Elton and M.J. Gruber, Journal of Economic Literature, September 1977.

Book Review: International Financial Integration, by D.T. Llewellyn, Journal of Money, Credit and Banking, November 1983.

Work in Progress:

Arbitrage Pricing

Agency Costs

Pension Fund Management

International Interest Rates

PROFESSIONAL ACTIVITIES

Director, American Finance Association, 1981 - present.

Associate Editor, Journal of Finance, 1983 - present.

Associate Editor, Journal of Banking and Finance, Jan. 1980 - present.

Associate Editor, Journal of Financial Research, 1984 - present.

Co-Editor, Financial Management, 1979-1981.

Associate Editor, Financial Management, 1973 - 1978.

Member: American Economic Association  
American Finance Association  
Financial Management Association

Ad Hoc Reviewer for National Science Foundation,  
American Economic Review,  
Journal of Political Economy,  
Journal of Financial and Quantitative Analysis,  
and other professional journals.

REFERENCES

Available on Request

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## VITA

Arthur C. Mead  
Assistant Professor

Home Address

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Newport, RI 02840  
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Office Address

Department of Economics  
University of Rhode Island  
Kingston, RI 02881  
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I. Educational Background

PhD (Economics) 1978 Boston College

BA (Mathematics) 1971 Boston College

II. Professional Experience

1984-present

Associate Professor of Economics,  
University of Rhode Island  
Teaching responsibilities have included  
graduate and undergraduate courses in  
macroeconomic and microeconomic theory,  
mathematical economics, regional  
economics, an interdisciplinary seminar  
on Environmental Pollution, and  
macroeconomics in the Graduate School  
of Business Administration.

1978 - 1984

Assistant Professor of Economics,  
University of Rhode Island

1976 - 1978

Instructor of Economics, University of  
Rhode Island

1975-1976

Instructor, Department of Economics,  
Simmons College  
(Multinational Economics and  
International Economics)

1974

Research Analyst, National Bureau of  
Economic Research, Cambridge, MA



### III. Research and Related Scholarly Activities

Published Works: A.C. Mead and G. A. Ramsay, "Regional Response to Business Cycles: The New England Experience," revision under review, The Northeast Journal of Business and Economics.

A.C. Mead and H. Barnett "Regional Crime Patterns: A Question of Stability," Growth and Change, 15 (July 1984).

A.C. Mead "Calculating Present Value: A Practical Method," Trial, 20 (July 1984).

A.C. Mead "Migration, Employment, and Income: Their Interaction in Nonmetropolitan Regions," Journal of Regional Science, 22, (November 1982). Abstract in Journal of Economic Literature, 1983.

A.C. Mead and G. Ramsay "A Methodology for Analyzing the Differential Response of a Region to Business Cycles," Growth and Change, 13, (July 1982).

A.C. Mead "A Simultaneous Equations Model of Migration and Economic Change in New England," New England Journal of Business and Economics, 8, (Spring 1982).

A.C. Mead and G.A. Ramsay "Regional Performance During Recessions," New England Journal of Business and Economics, 8, (Fall 1981).

G.A. Ramsay and A.C. Mead "The Classification of Industry by Employment Growth and Stability," Northeast Regional Science Review, 11, (May 1981).

Nonpublished Works: A. Mead and G.A. Ramsay, "Enrollment and the University Budget: Choices for the Upcoming Decade," Spring 1984.

H. Barnett and A.C. Mead "Crime and Crises: The 1975 Experience," December 1981.

A.C. Mead, "A Beginners Guide to Macroeconomic Models," Mimeo, June 1981.

\_\_\_\_\_, "The Mathematical Structure of Macroeconomic Models," September 1981.

\_\_\_\_\_, "An Economic Evaluation of  
Mandatory Deposit Legislation," November  
1980.

V.D. McConnell and A.C. Mead, "Financial  
Incentives as a Policy Tool in State  
Development Programs," in Towards an Urban  
Economic Strategy for Rhode Island,  
Intergovernmental Policy Analysis Program,  
University of Rhode Island, September 1980.

A.C. Mead, "Occupation and Labor  
Mobility," November 1979.

\_\_\_\_\_, "A Simulation Model of the  
Economic Impact of the Bottle Bill," June  
1979.

\_\_\_\_\_, "Quantitative Economics: An  
Introduction to the Basic Tools," Mimeo,  
October 1978.

#### Work in Progress

"Determinants of the Differential Regional Response to National  
Cyclical Fluctuations," paper in final rewrite stage.

"Cyclical Performance, Secular Growth, and Structural Change:  
Their Interaction in Urban Areas," paper in final stages of  
statistical analysis.

"Regional Response to Business Cycles: A Review," paper in  
early stages of completion.

"Evaluation of the Value of a Housewife's Services," paper in  
early stages of work, designed for publication in law  
journal.

#### Conferences, Meetings, Presentations:

A. Mead and G.A. Ramsay "Regional Employment: An  
Analysis of Differential Cyclical Patterns," paper  
presented at European Congress of Regional Science  
Association, Milan, Italy, August 1984.

## Conferences, Meetings, Presentations (Cont.):

A. Mead and G.A. Ramsay "Regional Determinants of Business Cycle Transmission," paper presented by Ramsay at Eastern Economic Association Conference, March 1984.

A. Mead, "Structural Change in the U.S. Economy," presented to Retired Officers Association of Southern New England, March 1983.

A. Mead "Migration and Economic Change: The Case for New England," paper presented at the New England Business and Economic Association Conference, November 1981.

H.C. Barnett and A.C. Mead "Does Crime Still Decrease in Depressions?" paper presented by Barnett at the American Society of Criminology Meetings, November 1981.

A. Mead "Regional Response to the Business Cycle: The Case of New England," paper delivered at the Western Economic Association Conference, July 1981.

\_\_\_\_\_, "A Spatially Disaggregated Model of Migration," paper delivered Western Economic Association Conference, July 1981.

A. Mead and G.A. Ramsay "Regional Performance over the Business Cycle: the Importance of Industrial Composition," paper delivered at the Southern Regional Science Association Annual Meeting, April 1981.

A.C. Mead, "Economic Considerations of Waste Disposal," lecture delivered at the Ocean as a Waste Disposal Environment, Graduate School of Oceanography, March 1979.

\_\_\_\_\_, "The Economic Impact of Returnable Bottle the Legislation in Rhode Island," paper presented at New England Business and Economic Development Conference, November 1978.

\_\_\_\_\_, "Simultaneity Bias in Migration Analysis," lecture in Research Seminar Series, Department of Resource Economics, Fall 1980.

Chairperson, Demographic Economics: Issues Involving Fertility, Conference session at the Western Economic Association Meetings, July 1981.

Discussant "Definition and Construction of Economic Regions: An Information Theory Approach Applied to the Canadian Economy," by J.P. Paquin, Western Economic Association Conference, June 1980.

Other Professional Activities:

Presentation to Faculty Senate of a report on evaluation of budgetary problems of URI in the past decade, Fall 1983.

Presentation to Faculty Senate of a report on the potential budgetary impacts of alternative enrollment projections over the next ten years (with G. Ramsay), Spring 1984.  
(See Faculty Senate Resolution of May 3, 1984.)

Ad Hoc Committee on Improving the University Budget Situation.

University Faculty Senate.

University Budget Advisory Committee, (Chair).

Testimony before RI House of Representatives HEW Committee on "The Impact of a RI Bottle Bill."

Testimony as Expert Witness in Federal, RI Superior, and RI District Court.

Consultant, subcommittee on standardized support orders, Family Court Branch Bar Committee, State of RI.

Consultant, State of RI, assessment of economic impact report on nuclear power plant.

Guest speaker at various civic organizations.

Lily Post Doctoral Teaching Fellowship.

Panelist in "Greenhouse" forums (two).

Journal Referee:

New England Journal of Business and Economics  
Regional Studies  
Growth and Change

IV. Professional Society Memberships

American Economics Association  
Regional Science Association  
New England Business and Economics Association  
Eastern Economic Association  
Western Economic Association

V I T A

NAME: K. Celeste Gaspari

HOME ADDRESS: Cambridge Rd., Westford, Vermont 05494

OFFICE ADDRESS: 479 Main St. 1, Burlington, Vermont 05405

PHONE: Home: (802) 879-1375  
Office: (802) 656-3065

DATE OF BIRTH: 25 September 1951

CITIZENSHIP: U.S.A.

EDUCATION:

Graduate School: Ph.D. in Economics, University of Wisconsin, Madison, July, 1979.  
M.A. in Economics, University of Wisconsin, Madison, December, 1976.

August 1973-May 1974, Vanderbilt University, Department of Economics

College: B.A. in Economics and Political Science, Manhattanville College, Purchase, New York, June, 1973.

TEACHING EXPERIENCE:

1981-Present Assistant Professor of Economics  
University of Vermont

1979-1981 Assistant Professor of Economics  
Wellesley College, Wellesley, MA.

PROFESSIONAL EXPERIENCE:

Summer 1983 Consultant, U.S. State Dept., A.I.D. Mission in India for a health care expenditure survey.

Summer 1982 Consultant, World Bank Mission to Botswana

1982-Present Consultant, Cost-Effectiveness Manual, PRICOR Chevy Chase, MD.

June 1981-Jan. 1982 Consultant of technical assistance to Dr. Wayne Stinson on "Community Financing of Primary Health Care". American Public Health Association, D.C.

June 1980-Jan. 1981 Contract work for A.I.D. resulting in the paper, "The Costing of Primary Health Care".

Jan. 1978-July 1979 Contract work for the Office of International Tax Affairs, Treasury Dept.

TI03570591

PAPERS AND PUBLICATIONS:

"Public Works, the Standard of Living, and Mortality in Early 20th Century American Cities", co-authored with Arthur Woolf, Journal of Economic History, forthcoming.

"The Use and Misuse of Cost-Effectiveness Analysis", Social Science and Medicine, 1983, Vol. 17, No. 15, pp. 1043-1046.

"Foreign Market Operations and Domestic Market Power", in The Multinational Corporation in the 1980's, MIT Press, edited by Charles Kindleberger, 1983.

"The Costing of Primary Health Care:", Jan. 1981, contracted by A.I.D.

"Exporting and Foreign Investment: Are They Substitutes or Complements?" Dept. of Economics, Wellesley College Working Paper, No. 33.

"Foreign Market Operations and Domestic Market Power", Dept. of Economics, Wellesley College Working Paper, No. 34.

"Exporting, Foreign Investment, and Domestic Market Power", July, 1979; Final progress report on contract work for the Office of International Tax Affairs, Treasury, D.C.

"The Impact of Tax Legislation on Industrial Structure", June 1978; First progress report on contract work for the Office of International Affairs, Treasury, D.C.

"Exporting and Domestic Market Power: The Effect of the D.I.S.C. Legislation", Feb. 1978; Successful bid for contract work for the Office of International Tax Affairs, Treasury, D.C.

PRESENTATIONS:

"Estimating the Impact of an Unobservable Variable: The Impact of Lifestyle on Health Status", co-authored with Douglas Elfner; presented at the Session on Determinants of Health Status, 1984 Annual Meetings of the American Economic Association, Dallas.

"Urban Mortality in Early 20th Century America", co-authored with Arthur Woolf; presented at Eastern Economic Association Conference, 1984.

April 1982, "Foreign Market Operations and Domestic Market Power", Middlebury College, Vermont: Conference on "The Multinational Corporation in the 1980's".

"Minorities, Mortality, Nutrition, and Health Resources; A Case Study of the Distributional Patterns in Tennessee for Health Policy Implications", co-authored with Dr. David Dunlop; Paper presented at American Public Health Association Meetings, 1974.

CURRENT RESEARCH:

Costing and Financing of Primary Health Care

FIELDS OF INTEREST:

Health and Nutrition, Costing of Health Care delivery systems, Public Finance and Public Policy

REFERENCES:

Available upon request.

WILLIAM F. SHUGHART II

Biographical Data

Born 1947, Harrisburg, Pennsylvania  
Married, no children

Education

Texas A&M University, B.A.	1969
Texas A&M University, M.S.	1970
Texas A&M University, Ph.D.	1978

Career Data

Systems Analyst Center for Naval Analyses	1973-74
Lecturer (visiting) University of Arizona	1978-79
Lecturer (part-time) University of Maryland	1980
Economist Special Assistant to the Director Bureau of Economics Federal Trade Commission	1979-82 1982-83
Assistant Professor Associate Professor Clemson University	1983-84 1984-

Consulting Affiliations

United States Air Force Federal Trade Commission	1977-78 1983-
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Professional Affiliations

Member: American Economic Association  
Southern Economic Association  
Public Choice Society



## PUBLICATIONS

### Contributions to Books

"Modeling Recruiting District Performance" (with C. Jehn), in R.V.L. Cooper, ed., Defense Manpower Policy: Presentations from the 1976 RAND Conference on Defense Manpower (Santa Monica: RAND R-2396-ARPA, 1979), pp. 137-148.

"The Incidence of Taxes on Tobacco" (with J.M. Savarese), in R.D. Tollison, ed., Smoking and Society (forthcoming).

"Antitrust Recidivism in Federal Trade Commission Data: 1914-1982" (with R.D. Tollison), in R. Mackay, J.C. Miller III, and T.B. Yandle Jr., eds., The Federal Trade Commission: The Political Economy of Regulation (forthcoming).

"Dual Enforcement of the Antitrust Laws" (with R.S. Higgins and R.D. Tollison), in R. Mackay, J.C. Miller III, and T.B. Yandle Jr., eds., The Federal Trade Commission: The Political Economy of Regulation (forthcoming).

### Main Papers

"Preliminary Evidence on the Use of Inputs by the Federal Reserve System" (with R.D. Tollison), American Economic Review 73 (June 1983): 291-304.

"The Regressive Nature of Civil Penalties" (with P. Altrogge), International Review of Law and Economics 4 (June 1984): 55-66. Reprinted in R. Mackay, J.C. Miller III, and T.B. Yandle Jr., eds., The Federal Trade Commission: The Political Economy of Regulation (forthcoming).

"Warranties, Tie-ins, and Efficient Insurance Contracts: A Theory and Three Case Studies" (with J.A. Eisenath and R.S. Higgins), Research in Law and Economics 6 (1984): 167-185.

"The Cyclical Character of Regulatory Activity" (with R.D. Tollison), Public Choice (forthcoming).

"The Disinterest in Deregulation" (with R.E. McCormick and R.D. Tollison), American Economic Review (forthcoming).

"The Positive Economics of Antitrust Policy: A Survey Article" (with R.D. Tollison), International Review of Law and Economics (forthcoming).

"The Behavior of Regulatory Activity Over the Business Cycle: An Empirical Test" (with R.C. Amacher, R.S. Higgins, and R.D. Tollison), Economic Inquiry (forthcoming). Reprinted in R. Mackay, J.C. Miller III, and T.B. Yandle Jr., eds., The Federal Trade Commission: The Political Economy of Regulation (forthcoming).

"The Convergence of Satisficing to Marginalism: An Empirical Test" (with W.M. Crain and R.D. Tollison), Journal of Economic Behavior and Organization (forthcoming).

"Legislation and Political Business Cycles" (with R.D. Tollison), Kyklos (forthcoming).

#### Short Papers, Notes, Comments, and Replies

"A Note on Centralized Regulatory Review" (with J.C. Miller III and R.D. Tollison), Public Choice 43 (1984): 83-88.

"The Welfare Basis of the 'Failing Company' Defense" (with R.D. Tollison), Antitrust Bulletin (forthcoming).

"The Use of Inputs by the Federal Reserve: Reply" (with R.D. Tollison), American Economic Review (forthcoming).

#### Public Documents

The Effects of Reenlistment Bonuses (with S.D. Kleinman), CNA Research Contribution No. 269, September 1974.

Models for Estimating Premature Losses and Recruiting District Performance (with R.F. Lockman and C. Jehn), CNA Professional Paper No. 142, January 1976.

Stochastic Analysis of Air Force Manpower: A Research Prospectus (with A.S. DeVany, M.O. Reynolds, and J.N. Taylor), Occupation and Manpower Research Division, Air Force Human Resources Laboratory, AFHRL-TR-77-58, Brooks Air Force Base, Texas, September 1977.

Supply Rate and Equilibrium Inventory of Air Force Enlisted Personnel: A Simultaneous Model of the Accession and Retention Markets Incorporating Force Level Constraints (with A.S. DeVany and T.R. Saving), Occupation and Manpower Research Division, Air Force Human Resources Laboratory, AFHRL-TR-78-10, Brooks Air Force Base, Texas, May 1978.

The Costs and Benefits of the FTC's Line of Business Program (with R.D. Tollison and R.S. Higgins), Bureau of Economics, Federal Trade Commission, January 1983.

#### Reviews

The Demand for Money by Firms, by C.R. Coates (New York: Marcel Dekker, 1976). Economic Forum 10 (Summer 1979): 118-120.

Research Submitted for Publication

"The Random Character of Merger Activity" (with R.D. Tollison).

"Corporate Chartering: An Exploration in the Economics of Legal Change" (with R.D. Tollison).

"On the Growth of Government and the Political Economy of Legislation" (with R.D. Tollison).

"Rational Self-Taxation When Inputs are Restricted" (with R.D. Tollison).

"The Employment Consequences of the Sherman Act" (with R.D. Tollison).

"Free Entry and Efficient Rent Seeking" (with R.S. Higgins and R.D. Tollison).

"Smokers versus Nonsmokers" (with R.D. Tollison).

"Adam Smith as a Regulator" (with G. Anderson and R.D. Tollison).

# THE TOBACCO INSTITUTE

81 HALE STREET  
BEVERLY, MA 01915

DENNIS M. DYER  
Regional Vice President  
617.927-3990

February 24, 1987

Professor Dominick Armentano  
Department of Economics  
University of Hartford  
West Hartford, CT 06117

**\*\*SAMPLE LETTER TO ECONOMIC WITNESSES\*\***

Dear Professor Armentano:

Some time ago you were contacted by Jim Savarese with regard to the economic impact of the tobacco industry on Connecticut. I assume you continue in your interest in the economics of tobacco.

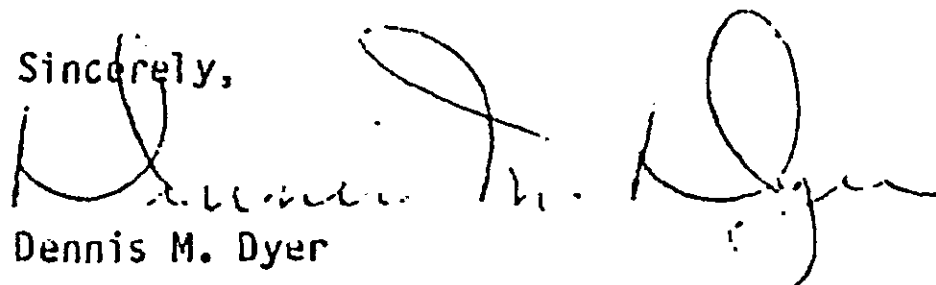
In anticipation of possible tax and smoking restriction legislation in Connecticut in 1987, I would like to discuss some of your opinions on the economic arguments in each of these areas. For your consideration, I have enclosed the following materials:

1. New York Smoking Prohibition Economic Impact Study.
2. New York Summary of Cigarette Tax Trends and Impacts.
3. New York Study of Cigarette Tax Sunset Provisions on Sales and Bootlegging.

These are typical of the type of materials sometimes prepared for Tobacco Institute use. I would appreciate your written candid comments on the substance of, presentation of, and ability to defend the materials. During the near future, I will be in Hartford and would like to get together with you to discuss these materials and how they can be improved. In addition, I would like to discuss the potential for your active participation in their development and presentation to various publics within Connecticut.

Again, my thanks for your continued interest. I hope we can develop some believable materials for use in Connecticut. I will be in touch with you prior to my coming to Hartford. If, however, you have any questions, please give me a call.

Sincerely,



Dennis M. Dyer

DMD:wss  
Enclosures

cc: Mr. George Minshew  
Mr. James Savarese

APR 17 1987

*The Australian National University*

The Research School of Social Science  
Economic History 062-493226

GPO Box 4, Canberra, ACT 2601  
Telegrams & cables NATUNIV Canberra  
Telex AA 62694 SOPAC  
Telephone 062-495111

reference LA:BG

9 April, 1987

Mr Dennis M. Dyer  
The Tobacco Institute  
81 Hale Street  
Beverly MA 01915  
U.S.A.

Dear Mr Dyer:

I just received your correspondence of 24 February. I am on leave at the Australian National University until July 17.

I remain interested in the economic impact of legislation affecting the tobacco industry. When do you need my reaction to the enclosures you sent? I may be in Williamstown April 23-27. If so I will try to contact you. Please address correspondence to me until July 1 as follows:

Professor Lee J. Alston  
Department of Economic History  
Research School of Social Sciences  
The Australian National University  
GPO Box 4  
Canberra ACT 2601  
AUSTRALIA

Should you wish to contact me by phone my direct number is 062 493197 (office no. is 062 493226).

Sincerely,



Lee J. Alston  
Visiting Fellow  
and  
Associate Professor

TI03570599



GEORGETOWN UNIVERSITY

*School of Business Administration*

April 10, 1987

Mr. Dennis M. Dyer  
The Tobacco Institute  
81 Hale Street  
Beverly, MA 01915 .

Dear Dennis:

I have reviewed the material you sent. Here are my comments.

1. N.Y. Smoking Prohibition Economic Impact Study.

By and large, this is identical to the analogous N.H. study. It is quite defensible, though it may not be effective.

It must more strongly be emphasized that there is no reason to believe the ban will reduce the incidence of smoking. It will simply deal with second hand smoke.

I feel that the issue of benefits must be taken up. That is, the costs in N.Y.S. are estimated at less than \$600 million. The benefits lie out there, and by a real "brown-shirt" can be guessed at as being in the billions, or more. I think the scientific evidence regarding illness, etc. for non-smokers affected by smoke must be gathered, analyzed, and a dollar benefit assigned to it.

(Incidentally, the harms of second hand smoke might be placed in context by comparing it to eating red-meat, second hand exposure to AIDS, "sick" buildings, excessive chocolate eating, etc.)

It is my feeling that as long as the benefit side is left untouched, there will always be a tendency to overestimate the benefits enormously.

Two other issues demand attention. First, there have been lots of places where prohibitions have already been put into effect. There should be "live" estimates of business drop-offs, lost productivity, etc. Second, regarding productivity, would it be possible to weave in the U. of Minnesota estimates on smoker versus non-smoker productivity?

Washington DC 2057

TI03570600

In short, while the study is defensible, it is not compelling.

2. Cigarette Tax Trends.

This is a simple little piece. There's not much to be said about it, except one has to look elsewhere for the bases for some of the estimates.

3. Cigarette Taxation in N.Y.


This is quite shakey. The estimates of the amount of illegal activity seem contrived. Moreover, the "economic model" predicting cigarette sales seems flawed. It should at least have a trend variable in it to capture the effects of changing smoking behavior as a consequence of health concerns. In short, the demand for cigarettes has not probably been as much affected by price as by other factors.

I know that bootlegging was quite a problem when New York first sharply increased its taxes. People I know were sold cartons of cigarettes on the streets, and guys used to drop in stores and, especially, bars in Brooklyn and elsewhere to take orders and make deliveries. However, the costs of doing this have changed. First, since 1984 many other states increased their taxes, so "bargain" prices have disappeared. Second, the amounts spent on enforcement of bootlegging prohibitions has been increased greatly. Both conspire to make the estimates of lost sales and tax revenues seem quite high.

\* \* \* \* \*

I hope these comments are helpful. I'll be at Georgetown until mid-June. If you wish to call me, please do so: Office (202) 625-8421 or Home (202) 342-8363.

Be well,

  
Dennis E. Logue  
Sullivan/Dean Professor  
of International Management

## The University of Vermont

DEPARTMENT OF ECONOMICS, COLLEGE OF ARTS AND SCIENCES  
479 MAIN STREET, BURLINGTON, VERMONT 05405-0078

March 19, 1987

Mr. Dennis M. Dyer  
The Tobacco Institute  
81 Hale Street  
Beverly MA 01915

Dear Mr. Dyer:

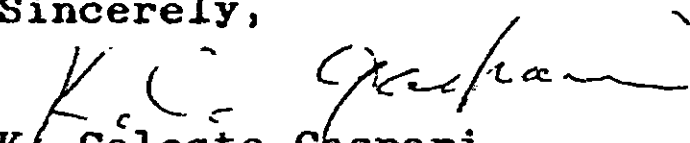
I am responding to your recent letter asking whether I would be interested in continuing my work with you on the economics of tobacco.

I am very disappointed with The Tobacco Institute's policies on making good on verbal agreements. Approximately 18 months ago, I was contacted by representatives of the Institute--I believe it was through an institute at George Mason University. They asked me if I would be willing to be put on retainer to be available to testify and write on behalf of the Institute. I agreed, as I had done the previous year. I had been paid \$1000 for the previous year's work and had written a paper for the Institute. However, I am still waiting for the \$1000 retainer I was promised for the second year. I have been contacted by a representative of the Tobacco Institute (or possibly a marketing firm working with them) several months ago after I complained about this (once again in response to a request that I again work with them).

I will reiterate my disappointment with the Tobacco Institute. It is true I never had a written agreement with the Institute--we only spoke over the phone. I did, however naively, trust that a verbal agreement with a prestigious institute was as good as a formal contract. I was evidently mistaken.

In answer to your letter, I am not interested in working with your group at this time if this is the way you do business.

Sincerely,

  
K. Celeste Gaspari

TI03570602



Legislative Hearing Report

cc: Scanlon/GM/BC  
File this copy  
in follow-up  
reports  
WW  
11/6

The New York City Council's Health Committee is considering three smoking restriction bills. For the past several years there has been some political competition that has impacted upon this issue and is the probable reason for the multiplicity of proposals and the extended time factor for the council to reach a final vote. The impression received is that now all systems are go and that an anti-smoking ordinance will be passed shortly by New York City. The hearing was directed not to a yes/no vote but primarily to minor variations within the bill.

There was the usual testimony by local health officials that passive smoking and active smoking were interchangeable and that both posed enormous health hazards to the NY citizenry. Brennan Moran, Larry Holcomb and myself directed our testimony to show the fallacy of this reasoning and provided the referenced documentation to back up our statements. We emphasized that passive smoking is different than active smoking and that there is insufficient evidence regarding any health hazard from ETS.

Several members of the Health Committee were well informed and Councilman Michaels was particularly aggressive in criticizing our comments. He cited the Surgeons General's report and queried us as to the health hazards of active smoking. I believe we provided the basis for compromise on the bill's provisions within the context of a closed Council session.

J. Fielding Douglas, Ph.D.  
October 30, 1987

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